

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

NOTICE OF DEVELOPMENT OF RULEMAKING

TO

ALL INTERESTED PERSONS

UNDOCKETED

IN RE: PROPOSED AMENDMENT OF RULES 25-6.0141, ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION; 25-6.033, TARIFFS; 25-6.036, INSPECTION OF PLANT; AND 25-6.037, EXTENT OF SYSTEM WHICH UTILITY SHALL OPERATE AND MAINTAIN.

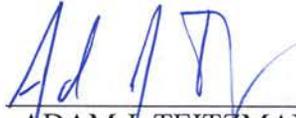
ISSUED: May 1, 2019

NOTICE is hereby given pursuant to Section 120.54, Florida Statutes, that the Florida Public Service Commission staff has initiated rulemaking to amend Rules 25-6.0141, 25-6.033, 25-6.036, and 25-6.037, Florida Administrative Code. The purpose of this rulemaking is to delete requirements that are obsolete or duplicative of other rules and to clarify certain requirements for electric utility tariff filings.

The attached Notice of Development of Rulemaking appeared in the April 30, Vol. 45, No. 84, edition of the Florida Administrative Register. If requested in writing and not deemed unnecessary by the agency head, a rule development workshop will be scheduled and noticed in the next available Florida Administrative Register. Written requests for a rule development workshop must be submitted to Andrew King, Office of the General Counsel, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, aking@psc.state.fl.us by May 17, 2019. A copy of the preliminary drafts of the rules are attached.

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By DIRECTION of the Florida Public Service Commission this 1st day of May, 2019.



ADAM J. TEITZMAN

Commission Clerk

Florida Public Service Commission

2540 Shumard Oak Boulevard

Tallahassee, Florida 32399

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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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Notice of Development of Rulemaking

PUBLIC SERVICE COMMISSION

RULE NOS:	RULE TITLES:
25-6.0141	Allowance for Funds Used During Construction
25-6.033	Tariffs
25-6.036	Inspection of Plant
25-6.037	Extent of System Which Utility Shall Operate and Maintain

PURPOSE AND EFFECT: To update the rules to delete outdated language, delete requirements that are duplicated in other Commission rules, and add clarity and specificity to the standards used by the Commission to calculate information.

Undocketed

SUBJECT AREA TO BE ADDRESSED: These rules address electric utilities in the subject areas of allowance for funds used during construction, tariffs, utility plant inspections, and the extent of the electric system that utilities are responsible for operating and maintaining.

RULEMAKING AUTHORITY: 350.127(2), 366.05(1) FS.

LAW IMPLEMENTED: 350.115, 366.03, 366.04(2)(a), (f), (4), (5), (6), 366.05(1), (7), 366.06(1), (2), 366.08 FS.

IF REQUESTED IN WRITING AND NOT DEEMED UNNECESSARY BY THE AGENCY HEAD, A RULE DEVELOPMENT WORKSHOP WILL BE NOTICED IN THE NEXT AVAILABLE FLORIDA ADMINISTRATIVE REGISTER.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE DEVELOPMENT AND A COPY OF THE PRELIMINARY DRAFT, IF AVAILABLE, IS: Andrew King, Senior Attorney, Office of the General Counsel, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, (850)413-6195, aking@psc.state.fl.us.

THE PRELIMINARY TEXT OF THE PROPOSED RULE DEVELOPMENT IS AVAILABLE AT NO CHARGE FROM THE CONTACT PERSON LISTED ABOVE.

1 **25-6.0141 Allowance for Funds Used During Construction.**

2 (1) Construction work in progress (CWIP) or nuclear fuel in process (NFIP) not under a
3 lease agreement that is not included in rate base may accrue allowance for funds used during
4 construction (AFUDC), under the following conditions:

5 (a) Eligible projects. The following projects may be included in CWIP or NFIP and accrue
6 AFUDC:

7 1. Projects that involve gross additions to plant in excess of 0.5 percent of the sum of the
8 total balance in Account 101₁ – Electric Plant in Service, and Account 106, Completed
9 Construction not Classified, at the time the project commences and

10 a. Are expected to be completed in excess of one year after commencement of
11 construction, or

12 b. Were originally expected to be completed in one year or less and are suspended for six
13 months or more, or are not ready for service after one year.

14 (b) Ineligible projects. The following projects may be included in CWIP or NFIP, but may
15 not accrue AFUDC:

16 1. Projects, or portions thereof, that do not exceed the level of CWIP or NFIP included in
17 rate base in the utility's last rate case.

18 2. Projects where gross additions to plant are less than 0.5 percent of the sum of the total
19 balance in Account 101₁ – Electric Plant in Service, and Account 106₂ – Completed
20 Construction not Classified, at the time the project commences.

21 3. Projects expected to be completed in less than one year after commencement of
22 construction.

23 4. Property that has been classified as Property Held for Future Use.

24 (c) Unless otherwise authorized by the Commission, the following projects may not be
25 included in CWIP or NFIP, nor accrue AFUDC:

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- 1 1. Projects that are reimbursable by another party.
- 2 2. Projects that have been cancelled.
- 3 3. Purchases of assets which are ready for service when acquired.
- 4 4. Portions of projects providing service during the construction period.
- 5 (d) Other conditions. Accrual of AFUDC is subject to the following conditions:
- 6 1. Accrual of AFUDC is not to be reversed when a project originally expected to be
7 completed in excess of one year is completed in one year or less;
- 8 2. AFUDC may not be accrued retroactively if a project expected to be completed in one
9 year or less is subsequently suspended for six months, or is not ready for service after one
10 year;
- 11 3. When a project is completed and ready for service, it shall be immediately transferred to
12 the appropriate plant account(s) or Account 106, Completed Construction Not Classified, and
13 may no longer accrue AFUDC;
- 14 4. Where a work order covers the construction of more than one property unit, the AFUDC
15 accrual must ~~shall~~ cease on the costs related to each unit when that unit reaches an in-service
16 status;
- 17 5. When the construction activities for an ongoing project are expected to be suspended for
18 a period exceeding six (~~6~~) months, the utility must ~~shall~~ notify the Commission of the
19 suspension and the reason(s) for the suspension, and must ~~shall~~ submit a proposed accounting
20 treatment for the suspended project; and
- 21 6. When the construction activities for a suspended project are resumed, the previously
22 accumulated costs of the project may not accrue AFUDC if such costs have been included in
23 rate base for ratemaking purposes. However, the accrual of AFUDC may be resumed when the
24 previously accumulated costs are no longer included in rate base for ratemaking purposes.
- 25 (e) Subaccounts. Account 107, Construction Work in Progress, and Account 120.1,
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existing law.

1 Nuclear Fuel in Process of Refinement, Conversion, Enrichment and Fabrication, ~~shall~~ must
2 be subdivided so as to segregate the cost of construction projects that are eligible for AFUDC
3 from the cost of construction projects that are ineligible for AFUDC.

4 (f) Prior to the commencement of construction on a project, a utility may file a petition to
5 seek approval to include an individual project in rate base that would otherwise qualify for
6 AFUDC treatment per paragraph (1)(a).

7 (g) On a prospective basis, the Commission, upon its own motion, may determine that the
8 potential impact on rates may require the exclusion of an amount of CWIP from a utility's rate
9 base that does not qualify for AFUDC treatment per paragraph (1)(a) and to allow the utility to
10 accrue AFUDC on that excluded amount.

11 (2) The applicable AFUDC rate will ~~shall~~ be determined as follows:

12 (a) The most recent thirteen ~~13~~ -month average embedded cost of capital, except as noted
13 below, must ~~shall~~ be derived using all sources of capital and adjusted using adjustments
14 consistent with those used by the Commission in the utility's last rate case.

15 (b) The cost rates for the components in the capital structure will ~~shall~~ be the midpoint of
16 the last allowed return on common equity, the most recent thirteen ~~13~~ -month average cost of
17 short term debt and customer deposits, and a zero cost rate for deferred taxes and all
18 investment tax credits. The cost of long term debt and preferred stock will ~~shall~~ be based on
19 end of period cost. The annual percentage rate must ~~shall~~ be calculated to two decimal places.

20 (3) Discounted monthly AFUDC rate. A discounted monthly AFUDC rate, calculated to
21 six decimal places, must ~~shall~~ be employed to insure that the annual AFUDC charged does not
22 exceed authorized levels.

23 (a) The formula used to discount the annual AFUDC rate to reflect monthly compounding
24 is as follows:

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$$M = [(1 + A/100)^{1/12} - 1] \times 100$$

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1 Where:

2 M = discounted monthly AFUDC rate

3 A = annual AFUDC rate

4 (b) The monthly AFUDC rate, carried out to six decimal places, must ~~shall~~ be applied to
5 the average monthly balance of eligible CWIP and NFIP that is not included in rate base.

6 (4) The following schedules must ~~shall~~ be filed with each petition for a change in AFUDC
7 rate:

8 (a) Schedule A. A schedule showing the capital structure, cost rates and weighted average
9 cost of capital that are the basis for the AFUDC rate in subsection (2).

10 (b) Schedule B. A schedule showing capital structure adjustments including the unadjusted
11 capital structure, reconciling adjustments and adjusted capital structure that are the basis for
12 the AFUDC rate in subsection (2).

13 (c) Schedule C. A schedule showing the calculation of the monthly AFUDC rate using the
14 methodology set out in this rule.

15 (5) No utility may charge or change its AFUDC rate without prior Commission approval.
16 The new AFUDC rate will ~~shall~~ be effective the month following the end of the twelve ~~12~~ -
17 month period used to establish that rate and may not be retroactively applied to a previous
18 fiscal year unless authorized by the Commission.

19 (6) Each utility charging AFUDC must ~~shall~~ include in its December Earnings
20 Surveillance Reports to the Commission Schedules A and B identified in subsection (4) of this
21 rule, as well as disclosure of the AFUDC rate it is currently charging.

22 ~~(7) The Commission may, on its own motion, initiate a proceeding to revise a utility's~~
23 ~~AFUDC rate.~~

24 ~~(7)~~ (8) Each utility must ~~shall~~ include in its Forecasted Surveillance Report a schedule of
25 individual projects that commence during that forecasted period and are estimated to equal or
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1 exceed a gross cost of \$10,000,000. The schedule must ~~shall~~ include the following minimum
2 information:

- 3 (a) Description of the project.
- 4 (b) Estimated total cost of the project.
- 5 (c) Estimated construction commencement date.
- 6 (d) Estimated in-service date.

7 ~~(9) The provisions of this rule are effective January 1, 1996 and shall be implemented by~~
8 ~~all electric utilities no later than January 1, 1999, or the utility's next rate proceeding,~~
9 ~~whichever occurs first.~~

10 *Rulemaking Authority 350.127(2), 366.05(1) FS. Law Implemented 350.115, 366.04(2)(a), (f)*
11 *366.06(1), (2), 366.08 FS. History—New 8-11-86, Formerly 25-6.141, Amended 11-13-86, 12-*
12 *7-87, 1-7-97, _____.*

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1 **25-6.033 Tariffs.**

2 (1) A utility may adopt rules and regulations governing its relations with customers in
3 addition to those required by Commission rules. But any such rule or regulation must be
4 consistent with Commission rules and must be filed with the utility's tariffs. ~~Each utility may~~
5 ~~adopt such additional non-discriminatory rules and regulations governing its relations with~~
6 ~~customers as are necessary and which are not inconsistent with these rules or orders of the~~
7 ~~Commission. Such rules and regulations shall constitute an integral part of the utility's tariffs~~
8 ~~and shall be filed with them.~~

9 (2) ~~Each utility shall file with the Commission tariffs containing schedules for all rates~~
10 ~~and charges and copies of all rules and regulations governing the relation of customer and~~
11 ~~utility.~~

12 (a) ~~Each utility shall include in its tariffs without limiting them to the following~~
13 ~~provisions:~~

14 (2) All tariff filings must conform to Chapter 25-9, Florida Administrative Code, and must
15 include the following provisions:

16 (a) ~~1.~~ Definitions of ~~classes of customers~~ classes.

17 (b) ~~2.~~ Rules ~~with which~~ prospective customers must comply with as a condition of
18 receiving service, and the terms of any required contracts ~~required~~.

19 (c) ~~3.~~ Rules for establishing ~~governing the establishment of~~ credit by customers for
20 payment of service bills.

21 (d) ~~4.~~ Rules governing deposits and interest on deposits.

22 (e) ~~5.~~ Rules governing the procedure for ~~followed in~~ disconnecting and reconnecting
23 service.

24 (f) ~~6.~~ Rules governing a customer's request to discontinue service. ~~Notice by customer~~
25 ~~required for having service discontinued.~~

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- 1 ~~(g)~~7. Rules governing temporary, emergency, auxiliary or stand-by service.
- 2 ~~(h)~~8. Rules covering billing periods.
- 3 ~~(i)~~9. Rules covering a customer's construction requirements.
- 4 ~~(j)~~10. Rules covering a special type of construction commonly requested by customers that
5 ~~which~~ the utility allows to be connected ~~and terms upon which such construction will be~~
6 ~~permitted~~. This applies, for example, to a case where a customer desires underground service
7 in overhead territory.
- 8 ~~(k)~~11. Rules covering any such portion of service ~~which~~ the utility furnished, owns, and
9 maintains.
- 10 ~~(l)~~12. Rules covering inspection of customer-owned facilities by proper authorities before
11 service is rendered.
- 12 ~~(3) All tariff filings shall be in the manner and form as prescribed by the Commission~~
13 ~~under separate Order entitled "Rules and Regulations Governing the Construction and Filing~~
14 ~~of Tariffs by Public Utilities."~~
- 15 ~~(3)~~ (4) No rules and regulations, or schedules of rates or charges, or modification or
16 revisions of the same, will ~~shall~~ be effective until ~~filed with and~~ approved by the Commission
17 ~~as provided by Law~~.
- 18 ~~(5) A copy of the rules contained herein, as promulgated and adopted by the Commission,~~
19 ~~also a copy of the rate schedules and rules and regulations of the utility as filed with the~~
20 ~~Commission, shall be kept on file in the local commercial offices of the utility for inspection~~
21 ~~by its customers. A customer shall, upon request, be furnished a copy of the rate schedule~~
22 ~~applicable to his service.~~
- 23 *Rulemaking Authority 350.127(2), 366.05(1) FS. Law Implemented 366.03, 366.05(1), 366.06*
24 *FS. History—New 7-29-69, Formerly 25-6.33, Amended_____*
- 25

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1 **25-6.036 Inspection of Plant.**

2 ~~Each utility shall adopt a program of inspection of its electric plant in order to determine the~~
3 ~~necessity for replacement and repair. The frequency of the various inspection shall be based~~
4 ~~on the utility's experience and accepted good practice. Each utility shall keep sufficient~~
5 ~~records to give evidence of compliance with its inspection program.~~

6 *Rulemaking Authority 366.05(1) FS. Law Implemented 366.04(2)(c), (5), 366.05(1), 366.055,*
7 *366.08 FS. History—New 7-29-69, Formerly 25-6.36, Repealed _____.*

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1 **25-6.037 Extent of Facilities and Equipment That a System Which Utility Must Shall**
2 **Inspect, Operate, and Maintain.**

3 (1) Each utility must inspect, ~~unless specifically relieved in any case by the Commission~~
4 ~~from such obligations, shall operate, and maintain in safe, efficient, and proper condition,~~
5 ~~pursuant to the standards referenced herein,~~ all of the facilities and equipment used in
6 connection with the production, transmission, distribution, regulation, and delivery of
7 electricity to any customer up to the point of delivery. The utility is also responsible for the
8 ~~safe, efficient~~ measurement of electrical consumption consistent with test procedures and
9 accuracies prescribed by the Commission.

10 (2) Each utility must adopt a program governing the inspection of its electric facilities and
11 equipment in order to determine the necessity for replacement and repair. Each utility must
12 keep records to establish compliance with its inspection program.

13 *Rulemaking Authority 350.127(2), 366.05(1) FS. Law Implemented 366.03, 366.04(5), (6),*
14 *366.05(1), (3) FS. History—New 7-29-69, Amended 4-13-80, _____, Formerly 25-6.37.*

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